MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BFN2244 – FINANCIAL STATEMENT ANALYSIS

(All sections / Groups)

05 JULY 2023
9:00 a.m – 11:00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 7 pages with 4 Questions (excluding the cover page).
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Students are allowed to use non-programmable scientific and financial calculators.
4. Please write all your answers in the Answer Booklet provided.

Answer ALL questions.

CHAIRPERSON'S LETTER TO THE SHAREHOLDERS by INARI AMERTRON BERHAD, Annual Report 2022

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Consolidated Financial Statements of Inari Amertron Berhad ("Inari" or "the Company") and its subsidiaries ("the Group") for the financial year ended 30 June 2022 ("FY2022").

PERFORMANCE REVIEW

The Covid-19 pandemic which began in early 2020 continued to have an impact into FY2022. Fortuitously, the global economy's shift towards home digitisation and online consumption of goods and services led to the increase in demand for digital goods and new 5G products. This has resulted in continued revenue growth for the Group. The Group worked determinedly through a series of external challenges and our efforts led to the Group to post increased revenue and net profit of RM1.55 billion and RM391.2 million respectively for the financial year under review.

During the financial year, we invested a total of RM128.1 million in capital expenditure, primarily to increase capacity for wafer processing, device packaging and testing alongside enhancing reliability, productivity and efficiency at our various plants and facilities. Our tenth and newest P55 plant commenced operations in August 2021 with its production capacity dedicated for RF test expansion and for a new customer to assemble System-on-Module ("SOM") products.

The financial position of the Group remains strong with our operations continuing to generate healthy cash flow. During the year, we were also able to undertake and complete a private placement exercise on 30 July 2021 with net proceeds of RM1,020.3 million after deducting exercise cost of RM12.0 million. The Group's cash and cash equivalent position increased to RM1.97 billion with zero borrowings at the end of FY2022.

OUTLOOK AND PROSPECTS

Gartner released its worldwide semiconductor latest forecast on 27 July 2022 reported that the global semiconductor revenue growth is projected to grow 7.4% in 2022 to USD639 billion, down from 2021 growth of 26.3%. Although chip shortages are abating, the semiconductor revenue is projected to decline 2.5% to USD623 billion in 2023 seeing weakness in semiconductor end markets.

Continued ...

In the report, Gartner projected that semiconductor revenue from smartphones is on pace to slow to 3.1% growth in 2022, while semiconductor revenue from the data center market will remain resilient for longer at 20% growth in 2022 due to continued cloud infrastructure investment. In addition, the automotive electronics segment will continue to record double-digit growth over the next three years as semiconductor content per vehicle will increase due to the transition to electronic and autonomous vehicles.

Given the mixed news, the Group remains cautious but positive on the prospects for FY2023 on the back of continued demand for our products from the global transition towards 5G and the continuing digitalisation of businesses. The Group will continue to focus on strategies to improve our production capacity and utilisation, strengthen our operational efficiencies to grow revenue consistent with or better than industry forecasts in FY2023.

DIVIDEND

During FY2022, the Group continued its commitment to delivering good returns to our shareholders with the dividend payout ratio at 94.7% over the profit after tax. This represents a total dividend of 10.0 sen per ordinary share and a total cash dividend payout amounting to RM370.5 million for FY2022. Inari's dividend payout to shareholders is decided after taking into consideration a number of factors including amongst others, the earnings, capital commitments, general financial conditions, distributable reserves and other factors.

(Source: Inari Amerton Berhad, Annual Report 2022)

QUESTION 1

a) Based on the above article, illustrate **TWO (2)** strategies how the company maintain its achievement in year 2023?

(10 marks)

b) Dividend payment is one of the most important elements to consider when investing, show the importance of dividend using your own words. Also, in your opinions on how Inari Amerton Berhad distribute its dividend and support your answer with example based on the above article.

(15 marks)

(Total: 25 marks)

Continued ...

QUESTION 2

CAPITAL A BERHAD
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022
UNAUDITED STATEMENT OF COMPREHENSIVE

	Quarter ended 31/12/2022 RM '000
Revenue	
-Aviation	2,027,376
-Logistic	132,472
-Digital and others	208,337
	2,368,185
Operating expenses:	
-Staff costs	(384,697)
-Aircraft fuel expenses	(968,925)
-Fuel swap losses	-
-Maintenace and overhaul	12,215
-User changes and other related expenses	(301,608)
-Logistic expenses	(135,283)
-Technology and IT related expenses	(63,633)
-Other operating expenses	(48,683)
Other income	11,041
	(1,879,573)
EBITDA	**488,612**
Depreciation and amortisation	(32,378)
Depreciation on right to use asset	(315,242)
Finance income	42,440
Finance costs - lease liabilities	(260,351)
Finance costs	(121,876)
	(687,407)
Net operating loss	**(198,795)**
Foreign exchange gain/(loss)	207,722
Fair value gain on derivatives	-
Share of results of associates/joint venture	166,495
	374,217
Profit/(loss) before taxation	**175,422**

Continued ...

Tax expense	(3,381)
Deferred taxation	316
	(3,065)
Profit/(loss) before taxation	**172,357**

CAPITAL A BERHAD
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2022
UNAUDITED STATEMENT OF FINANCIAL POSITION

	Quarter ended 31/12/2022 RM '000
NON CURRENT ASSETS	
Property, plant and equioment	866,514
Right of use assets	10,163,519
Finance lease receivables	260,820
Investment in associates	706,351
Investment in joint venture	203
Investment securities	113,154
Intangible assets	831,070
Deferred tax assets	739,020
Receivables and prepayments	3,451,586
Deposits on aircraft purchase	576,034
Derivative financial instruments	165,397
	17,873,668
CURRENT ASSETS	
Inventories	206,727
Receivables and prepayments	831,926
Finance lease receivables	116,162
Amount due from associates	95,105
Amount due from related parties	371,838
Derivative financial instruments	-
Tax recoverable	7,937
Deposits, bank and cash balances	524,600
	2,154,295

Continued ...

CURRENT LIABILITIES	
Trade and other payables	2,506,270
Aircraft maintenance provisions and liabilities	1,583,471
Sales in advance	1,419,858
Amounts due to associates	146,931
Amounts due to related parties	472,751
Borrowings	494,740
Lease liabilities	4,571,968
Provision of taxation	25,809
	11,221,798
NET CURRENT LIABILITIES	**(9,067,503)**
NON-CURRENT LIABILITIES	
Trade and Other payables	280,414
Aircraft maintenance provisions and liabilities	4,856,945
Borrowings	2,412,201
Lease liabilities	10,439,112
Deferred tax liabilities	154,905
Derivative financial instruments	-
Provision for retirement benefits	90,078
	18,233,655
	(9,427,490)
CAPITAL AND RESERVES	
Share capital	8,654,977
Merger deficit	(5,507,594)
Other reserves	153,041
Foreign exchange reserve	(132,308)
Retained earnings	(8,943,421)
	(5,775,305)
Non-controlling interests	(3,652,185)
Total equity	**(9,427,490)**

(Source: Capital A Berhad, Fourth Quarter Report Ended 31 December 2022)

Continued ...

a) Based on the above Capital A Berhad's Quarterly Report Ended 31 December 2022, compute the following and interpret the result.

i) Net Profit Margin
ii) Working Capital
iii) Current Ratio

(15 marks)

b) Based on the above results, explain the current financial situation of Capital A Berhad and advise the company on its future financial health.

(10 marks)

(Total: 25 marks)

QUESTION 3

Refer to the following information. You are required to construct a Forecasted Statement of Comprehensive Income and Forecasted Statement of Financial Position for Maximim Goals Sdn. Bhd for the Financial Year 2023.

- Sales are forecast to equal RM 60,000
- Cost of goods sold is forecast to be 50% of the sales
- General, selling and administration expenses is account as 40% of the gross profit
- The income tax rate is 40%
- Net income after tax will be retained to 2024
- Current assets is RM 65,000
- Non-current assets is 2 times of current assets
- Current liabilities is RM 20,000
- Non-current liabilities is 3 times of current liabilities

(Total: 25 marks)

Continued ...

QUESTION 4

a) Illustrate what is the Statement of Comprehensive Income and the importance of the statement.

(15 marks)

b) In the inflationary period, explain the different types of inventory accounting methods namely First In, First Out (FIFO) and Last In, First Out (LIFO) in affecting the gross profits.

(10 marks)

(Total: 25 marks)

End of Paper